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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 001742

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SUBJECT: DAS GASTRIGHT'S VISIT TO BANGLADESH

REF: DHAKA 001718

Classified By: P/E Counselor D.C. McCullough, reasons para 1.4 b, d.

1. (SBU) Summary and Introduction. On April 10-11, visiting SA DAS John Gastright discussed Bangladesh developments with Foreign Secretary Hemayetuddin, PMO Principal Secretary Kamaluddin Siddiqui, Awami League president Sheikh Hasina, UNOCAL Bangladesh Managing Director Andrew Fawthrop, British High Commissioner Anwar Chowdhury, and young Bangladeshi entrepreneurs. He also met extensively with Mission personnel. Charge and P/E counselor (notetaker) accompanied on the BDG meetings. End Summary and Introduction.

Foreign Ministry

3. (C) Bangladeshis, Hemayetuddin told DAS Gastright, greatly value their relationship with the U.S, whose inspiration over the decades has helped shape Bangladesh's "quest for democracy." Asked about the looming campaign for national elections in early 2007, Hemayetuddin rejected opposition Awami League demands for electoral reforms by arguing that the existing caretaker system has worked well and should not be changed. He cited Bangladeshis' love of music and the peaceful celebration here of minority religious holidays as evidence of their fundamentally moderate and tolerant nature. "We have problems like abject poverty which we try to address," he said, "but please try to judge us by realistic local standards and help us reach our shared goals."

4. (C) DAS Gastright underscored USG concerns about extra-judicial killings associated with the Rapid Action Battalion (RAB), the bilateral implications posed by the Leahy amendment, and the positive signal that would arise from arresting Islamist vigilante Bangla Bhai. Hemayetuddin praised RAB for improving law and order throughout the country, and characterized "cross-fire" deaths as self-defense against well-armed criminals. "But I agree there shouldn't be excesses." Bangla Bhai, he suggested, might have slipped across the porous border into India.

5. (C) Hemayetuddin affirmed the BDG's commitment against political violence, and said the ruling coalition's two-thirds parliamentary majority denied it any incentive for extreme action. He also argued that including Islamists in the coalition constrained their room for agitation against, for example, the war in Iraq. "They're not extremists," he stated. Hemayetuddin took on board DAS Gastright's hope that PM Zia, as Defense Minister, could meet with PACOM Commander Admiral Fallon during his visit to Dhaka next week. (Reftel reports Hemayetuddin's readout on Chinese PM Wen's recent visit.)

6. (C) During a short drop-by with Foreign Minister Morshed Khan and Foreign Affairs Adviser Reaz Rahman, DAS Gastright and Charge were told that the Cabinet would soon approve eight of the nine UN CT conventions that Bangladesh has yet to endorse. (Note: In a subsequent phone call to Ambassador Thomas, Khan announced that the Cabinet had just approved all outstanding conventions except the one on terrorist financing. The latter, he said, is approved in principle but concerns need to be resolved about its impact on Bangladeshi remittances from the Middle East to local mosques and madrassahs. Parliamentary ratification is not expected to be a problem.)

PMO

7. (C) After welcoming the Chinese premier's visit as a counter to Indian "bullying" (reftel), Siddiqui urged the USG to press Pakistan and India to reschedule the SAARC summit and pursue issues regionally instead of bilaterally. DAS Gastright agreed to relay the request to Washington.

8. (C) DAS Gastright welcomed improved BDG cooperation with the FBI in the investigation of the killing of former AL leader Shah Kibria. He expressed concern, however, that A/Legatt, during his recent meetings with the suspects in Habiganj, had observed signs that the suspects had been severely beaten, and that all but one of them denied involvement in the crime and recanted their confessions. Siddiqui asserted that the BDG was committed to pursuing the

investigation "wherever it goes" and that Quaiyum, the alleged ringleader, would not be allowed to escape justice. He took the point that the BDG could significantly strengthen the case against the suspects if they could develop corroborative evidence separate from the confessions.

Sheikh Hasina

19. (C) DAS Gastright offered condolences for the victims of the August 21 and January 27 attacks on AL leaders, hoped Hasina's own convalescence was going well, and assured Hasina that the USG continues to press the BDG to solve the Kibria killing and all acts of political violence. Hasina replied that she has lost all hearing in her right ear and has only partial hearing in her left ear. She reiterated her view that the BDG is itself behind the anti-AL attacks. "Maybe I am still alive because of your pressure."

110. (C) Hasina welcomed DAS Gastright's observation that the next national election would likely be the most monitored election ever in Bangladesh, but insisted electoral reforms are critical for a credible electoral process. She related her long commitment to democracy, but argued that the ruling BNP is determined to rig the election and therefore does not hold itself accountable to the Bangladeshi people. DAS Gastright urged the AL to exercise, not surrender, its political rights and not to boycott the election, and asked what the AL's minimum requirements would be to participate in the polls. In response, Saber Hussain Chowdhury, Hasina's political secretary, said there should be consensus support -- perhaps defined as all parliamentary parties -- for the appointments of the chief election commissioner and the caretaker government chief adviser, as well as on the selection of a new president and chief of army staff for the caretaker period because of their control of the army, and its key role in providing security, during elections.

British High Commissioner

111. (C) BHC Anwar Chowdhury reviewed the nature and challenges of Bangladesh's dysfunctional political system, and in particular the damaging dynastic leadership predilections of both mainstream parties. In contrast, he said, Jamaat Islami has internal democracy and a cohesive vision for its and Bangladesh's future, which enhance political Islam's potential here to exert influence disproportionate to its actual electoral support. He agreed that it is critical to reinforce to the BDG our concerns about extremism and governance through steady VIP visits.

Young Business Lights

112. (SBU) Young entrepreneurs, at a dinner, told DAS Gastright there are many opportunities for business in Bangladesh, which is one reason so many Bangladeshi expatriates have returned to start new ventures. However, they noted as significant hurdles poor governance, inadequate infrastructure, especially in power and transportation, and pervasive corruption, which they have internalized as a cost of doing business.

UNOCAL

113. (SBU) MD Andrew Fawthrop briefed DAS Gastright on UNOCAL's (now ChevronTexaco's) activities and experience in Bangladesh. He noted that companies that understand how business is done in the region (e.g. at a relatively slow pace) can do very well. UNOCAL minimizes its exposure here by making sure it receives adequate returns on existing investments before committing to new projects. Corruption is prevalent, he said, but UNOCAL's strong line against payoffs, including so called "speed money," has worked to its advantage since officials at all levels realize it's not worth their time to try and shake UNOCAL down for extra "fees" and "payments."

Media Coverage

114. (SBU) Based mostly on a brief press conference after the Sheikh Hasina meeting, local media coverage of DAS Gastright's visit was straightforward, stressing he was on a familiarization visit to Bangladesh. Several papers highlighted his observation that corruption impedes foreign investment in Bangladesh.

115. (U) DAS Gastright cleared this message.

THOMAS